

T&E Agenda: 05-05-14
ITEM: d (3)

Memorandum

TO: TRANSPORTATION AND
ENVIRONMENT COMMITTEE

FROM: David Sykes

SUBJECT: ANNUAL FLEET MANAGEMENT
REPORT

DATE: April 21, 2014

Approved

Date

4-25-14

COUNCIL DISTRICT: Citywide

RECOMMENDATION

Accept the first Annual Fleet Management Report for the City of San José.

BACKGROUND

Attached is the first edition of the Fleet Management Annual Report prepared by the Department of Public Works. The report provides an overview of Fleet Management services which supports most City departments including Public Safety.

/s/

DAVID SYKES
Director of Public Works

For questions please contact JOE GARCIA, Deputy Director at (408) 535-1298.

Attachment

Fleet Management
2014
Annual Report

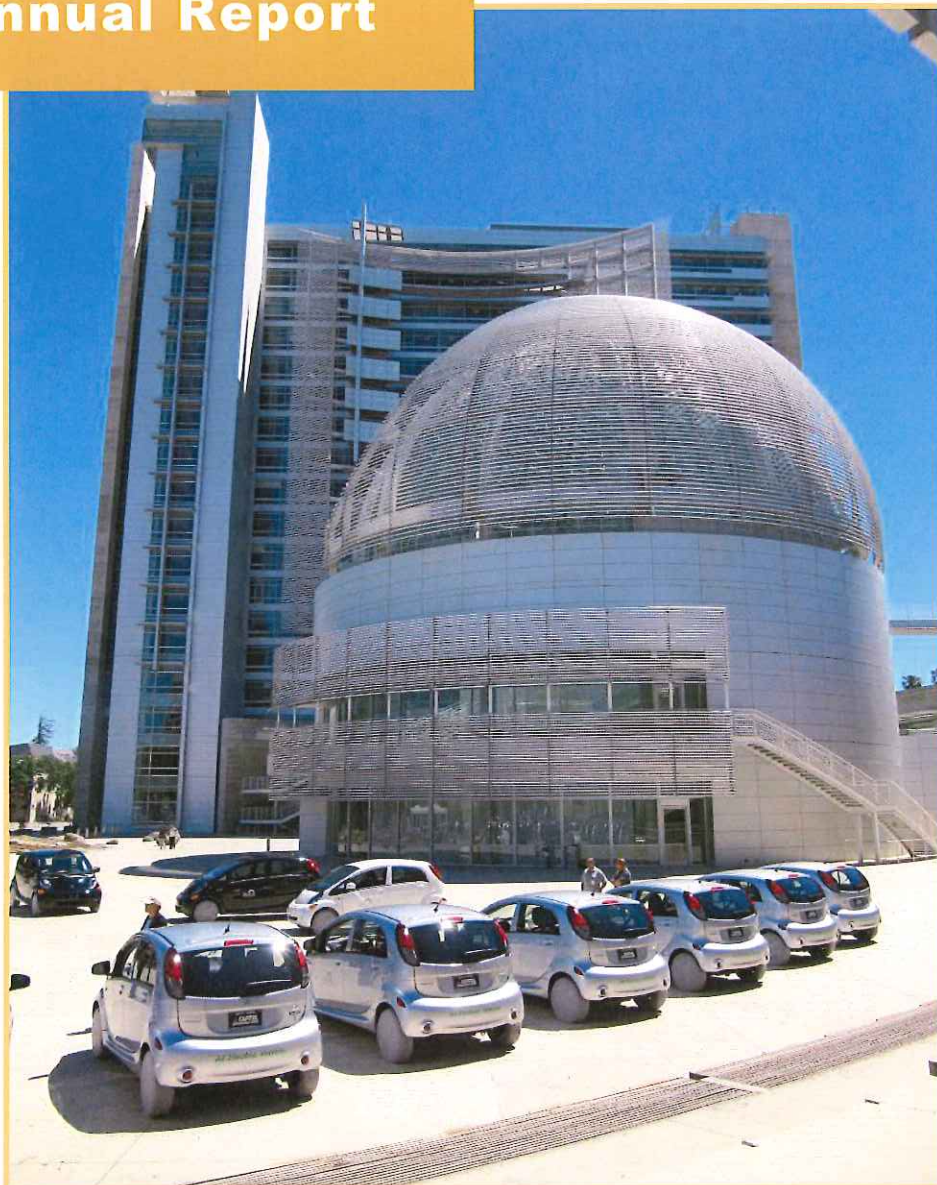


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EXECUTIVE SUMMARY

This is the first edition of the Fleet Management Annual Report prepared by the Department of Public Works. The Fleet Management Division resides in the Strategic Support City Service Area and its management and operations are conducted behind the scenes supporting most City Service Areas. In this report are analysis, evaluation and insight into this pivotal service with far reaching impacts to most City departments and the services they deliver to the residents of San José.

There are over 2,500 active fleet assets in service today. The original acquisition value of these assets exceeds \$93 million. The annual operating budget for Fiscal Year 2013-14 is \$23 million, including \$7 million dedicated to fuel purchases. In addition to the General Fund budget, Fleet Management manages an additional \$9 million annually in external funds for vehicle replacement.

Fleet Management is a progressive organization that serves all departments in the City of San José. The Fleet Division is an internal service fund that directly charges the client department for services rendered. There are currently 57 dedicated, highly trained and skilled employees that are projected to complete over 20,000 work orders in FY 2013-14.

Fleet Management assets have a major impact on the City's green initiatives as new vehicles are on the cutting edge of environmental and green technology. One of the important directives is meeting the City's Green Vision Goal 8, ***Ensure 100 percent of the Public Vehicles Run on Alternative Fuel***, by 2022. In 2013, the City's fleet reached 41% of public vehicles that run on alternative fuel. However, meeting the 100% goal in 2022 will be a challenge because of technology and funding limitations.

Fleet Management is a customer service driven organization closely connected with its client departments. However, it has experienced incredible challenges maintaining its high customer service levels, green vision goals, and adequate funding for maintenance and replacement. These challenges and goals include acquiring a younger greener fleet, continuation of improved service delivery, retaining and developing skilled employees, implementing new fleet data tracking technology and participating in nationally recognized governmental fleet management organizations. In meeting these goals, Fleet Management will continue to be a model organization that is the standard for fleet management for both the public and private sectors.

MISSION

The Strategic Support CSA mission is to effectively develop, manage and safeguard the City's fiscal, physical, technological, and human resources to enable the delivery of City services and projects. The outcome is to provide safe and functional public infrastructure, facilities, and equipment. Fleet Management supports public safety and many other City functions that impact the quality of life for our residents. The CSA Mission is an intrinsic part of Fleet Management, where the organization strives to provide the highest quality, professional, customer-focused, and cost competitive services possible. This report includes data and information designed to give insight into these services, customer needs, and professional staff. Fleet Management is proud to support its customers and their endeavors to serve the City of San José residents.

Fire Dept. Tractor Drawn Aerial



CUSTOMERS

Fleet Management primarily serves two general categories of customers - public safety and non public safety for both vehicles and mechanical equipment.

Public Safety

The City's frontline public safety fleet consists of over 100 fire apparatus and 400 marked police vehicles. In addition, there are over 100 fire support vehicles and equipment and over 300 unmarked police vehicles. Public Safety vehicles differ from

the rest of the general fleet in the requirements of emergency response, including travel at high rates of speed through City streets. As a result, it is necessary to equip them with unique and special equipment such as speed rated components, visibility characteristics (special warning lights, sirens and graphics) and communication equipment (both radio and computer). It is paramount that these vehicles are maintained at the highest levels to ensure safety of our emergency personnel as well as the motorists and pedestrians that share the roads with these vehicles. Fire apparatus, especially trucks and engines, are held to strict standards with design, maintenance and testing governed by the National Fire Protection Association (NFPA). Fire engines that pump water for fire suppression are required to have their pumps tested and certified annually. Fire trucks with ladders or aerial platforms also must be certified annually. Police response vehicles are also regulated, primarily by the California Vehicle Code which defines warning light and siren requirements. Failure to install the correct systems and maintain their functionality creates unnecessary risks. The San José emergency fleet adheres to these standards.



Non Public Safety

The City's general fleet is very diverse and complex, with various types of vehicles and equipment assigned to departments throughout the City. This equipment is also critical to departments delivering services supporting the sewer systems, airport, building and code inspections, facility maintenance, parks, community centers, libraries, water treatment and service, street maintenance, street lights and traffic signals.

Often when people speak of fleets, they are simply referring to passenger vehicles. Given the complexity of City services, the City's fleet includes everything from dredges to dragons. The dredges are located at the City's Regional Wastewater Facility and weigh approximately 16 tons. They have large diesel engines with advanced emissions technology that provide power to high volume and high pressure hydraulic systems. The hydraulic systems power pumps and motors that lift-lower and rotate the auger head, propel the dredge, and pump sludge at 1,500 gallons per minute. These dredges mix and aerate bio-solids before they are hauled away for disposal. ***Danny the Dragon*** is an amusement ride located at Happy Hollow Park and Zoo. Maintenance of rides at the park, for safety reasons, is a highly regulated activity by the State of California. Fleet Management is required to adhere to strict ride inspection schedules, maintenance tasks

and undergo an annual state inspection to ensure the maintenance operations comply with state requirements. These are two examples of the diversity in the assets that are managed and maintained by the Fleet division, but by no means exhaustive. A more comprehensive list is available later in this report (Table 4), and includes a diverse list of light and heavy vehicles and equipment. This diversity requires a wide range of parts and skills to keep it all functional.

Dredger at Regional Wastewater Facility



Danny the Dragon

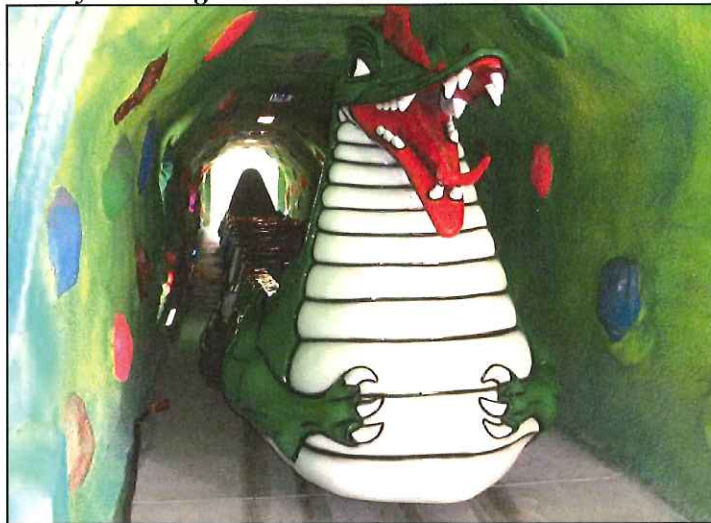


Table 1: Fleet Assets

Department	Equipment	Vehicles	Total Fleet Assets
Office of Economic Development	0	1	1
Information Technology	0	5	5
Housing	1	5	6
Library	0	9	9
Planning Building & Code	0	113	113
Airport	88	85	173
Fire	48	184	232
Public Works	63	181	244
Environmental Services	192	121	313
Parks Recreation & Neighborhood Services	149	212	361
Transportation	182	261	443
Police	30	708	738
Total	753	1,885	2,638

Mabury Yard

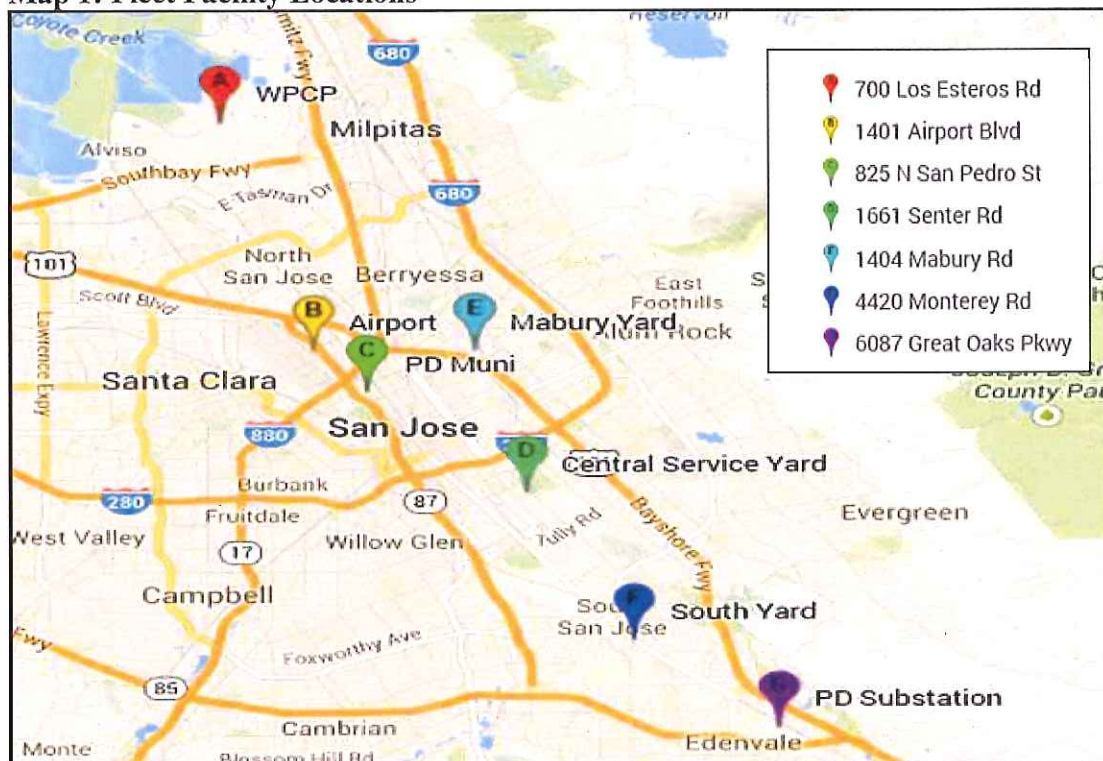
FLEET MANAGEMENT SERVICES

Fleet Management provides an array of vehicle and equipment related services to City departments.

- Preventive Maintenance and Repair
- Mobile Service
- Statutory Compliance
- Acquisition and Disposal
- Fuel Management

Fleet Management currently operates six fleet facilities throughout the City. Each facility serves a particular type of service and geographical area. The Police Municipal facility supports public safety operations 7 days a week, 365 days a year, from 5:00 am to 11:00 pm. The Central Service Yard facility has two shifts from 7:00 am to 11:00 pm during the weekday and the remaining four facilities are opened for a single shift during the weekday from 7:00 am to 3:30 pm. The map below identifies geographical locations of the six fleet facilities and also identifies the Police South Substation scheduled to be activated in Fall 2014.

Map 1: Fleet Facility Locations



Central Service Yard***South Yard*****Preventive Maintenance and Repair**

Fleet management's core service is vehicle preventive maintenance (PM) and repair. This is a major component of the services provided for over 2,500 fleet assets. The preventive maintenance occurs on a schedule that is tracked and monitored in the fleet database. Maintenance schedules are typically defined by time and/or miles, although Fleet Management recently added a fuel consumption element to consider for vehicles prone to idling at job sites such as aerial trucks. Corrective maintenance occurs when needed repairs are identified either during PM or when an operator discovers a problem between PM cycles. To support the PM and repair program, a comprehensive parts inventory facility was added to several service yards and great strides have been made to remove obsolete parts, update procedures, and recruit staff with parts management expertise. Efficiencies in the PM and repair program can be directly attributed to a well-managed parts program.

Central Service Yard Parts Facility**Mobile Service**

Fleet Management provides 24/7 mechanical response services to the Fire Department. Properly operating fire apparatus is critical to life and property preservation. A multi alarm fire requires more fire personnel and resources. An on-duty fire mechanic is called out for all 3 alarm fires or greater. Their role is to monitor and address all fire apparatus issues that may occur during the event in terms of proper performance and safety. For extended events the on-duty fire mechanic will deploy a second mechanic with a fuel truck to assist with maintaining and fueling the fire apparatuses.

Fleet Management also responds to 24/7 call-outs to fire stations for apparatus issues. Removing a fire apparatus from service and switching equipment can take fire personnel approximately three hours to change apparatus. In this process the fire personnel are out of service and unavailable for emergency response. In an effort to minimize the out of service time, Fleet Management provides drive-up service during shop hours for repairs that can be quickly completed to avoid unnecessary down time. Fleet Management also provides mobile maintenance, repair, and fueling services for remote needs and stationary equipment like pump stations and emergency generators.

Mobile Service on Fire Department Emergency Generator

Statutory Compliance

Owning, operating and managing a diverse fleet of vehicles is a highly regulated activity by State and Federal agencies. Fleet Management must comply with several agencies and numerous regulations including environmental, safety and performance standards. Below is the number of tests completed by category for calendar year 2013.

Table 2: Statutory Compliance Activity

Program	Fleet Segment	Frequency	Qty	Test/Service Objective
Smog Inspection Diesel	All On Road Diesel	Bi-annual	58	Ensure Vehicle emissions meet standards
Pump Test	Fire Apparatus	Annual	60	Ensure pumps perform to requirements
Aerial Inspection	Fire Apparatus/GF	Annual	64	Ensure cranes perform to requirements
Diesel Particulate Filter	2007 & Newer Diesel Trucks	Annual	92	Clean new diesel emission filters
BIT Inspection	GF Trucks & Trailers	Quarterly	378	Ensure heavy truck and trailer brake and coupling systems perform to requirements
Smog Inspection	Light Duty	Bi-annual	618	Ensure Vehicle emissions meet standards
Total			1,270	

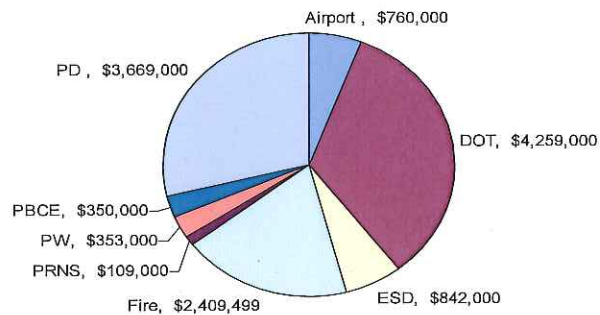
Annual Pump Test



Acquisition and Disposal

The Vehicle Support Services Section is part of Fleet Management and manages all vehicle acquisitions citywide. This section is located at the Central Service Facility and averages approximately 500 work orders per year which includes acquisition, disposal, modifications, and repairs with a highly trained and skilled team of employees. A comprehensive replacement cycle for most vehicles and equipment within the City's inventory has been established. Public safety vehicles are consistently funded at levels that align with established replacement schedules and account for a large part of acquisition and disposal activity. Fleet Management works very closely with each City department during the acquisition phase to ensure new fleet assets meet its operational needs. During FY 2013-14, vehicle acquisitions will be approximately \$13 million which includes \$9 million from other department funds. In addition to developing specifications and working with Finance through the procurement process, the Vehicle Support Services Section outfits new police vehicles after delivery. Fleet Management averages over 60 public safety vehicle builds annually, which includes lights, sirens, communicating equipment and graphics. As new vehicles come into the fleet, old vehicles are retired and auctioned. Fleet Management prepares the vehicles for auction including removing all graphics and equipment. In FY 2012-13, over 180 new vehicles were placed into service and over 140 were retired. Another function of acquisition and disposal is managing all Department of Motor Vehicles (DMV) vehicle licensing and registration.

FY 13-14 Expected Vehicle Acquisition



Battalion Chief Vehicle Acquisition



Fuel Management

The Fleet Division manages the City's fueling infrastructure and supply. Fleet Management has six main City fuel sites and 22 fire stations that store and dispense fuel. Fleet Management is currently updating the fuel tracking infrastructure where transactions will occur real time in the fleet database. Fleet Management is also in the process of updating the fueling infrastructure for compatibility with B20 bio-diesel. Managing fuel sites is a heavily regulated program for which Fleet Management is responsible for most City sites. Fuel management requires storage, dispensing, tracking, supply logistics and environmental compliance. This is 24/7 service with an annual budget of \$7 million.

Table 3: Fuel Consumption (July 2013 to March 2014)

TOTAL GALLONS AND AMOUNT				
	Gallons			Cost
	Unleaded	Diesel	Total	Total
Fuel Sites	742,027	213,360	955,387	\$3,314,819
Fire Dept.	10,591	109,794	120,385	\$500,489
Pump Station	0	3,205	3,205	\$10,698
Credit Cards	16,306	2,556	18,862	\$70,067
Total	768,924	328,915	1,097,839	\$3,893,598

Police Substation Fuel Site



SERVICE DELIVERY

Supporting Local Agencies

Areas of municipal fleet management can be specialized and require unique skills that not every City has in-house. For instance, public safety vehicle equipment such as communications, warning lights, and sirens are unique to government fleets. Commercial contractual support is not often available or reliable. As a result, several agencies have contracted with Fleet Management over the years given our expertise and diverse talent pool. Currently, Fleet Management is working with the Town of Los Gatos and exploring a pilot opportunity to outfit its patrol vehicles. Fleet Management recently performed fire apparatus pump tests for the City of Sunnyvale. This is work that the City of Sunnyvale was sending to the Central Valley which required their apparatus to out of service for days as opposed to only a few hours when working with the City of San José. Many large government fleets have agreements with surrounding agencies performing its maintenance and repair work. Fleet Management has structured this activity to recover the full costs of providing the service and to offset a portion of overhead expenses that are incurred when performing internal services. The challenge is maintaining appropriate staffing levels and contractual agreements that meet the needs of both agencies.

Commercial Contractual Services

Fleet Management has evolved over the years and has streamlined many operations. In-house work is now supported through commercial contractual services. For example, machine work and fabrication is contracted out to a dedicated shop with several specialized employees. Staff take into consideration specialty services, staffing, environmental, safety, commercial availability, and costs that may make contracting all or part of this work more cost effective. Collision repair, towing, upholstery, glass installation, machining, metal fabrication are all specialty services that Fleet Management has local commercial contractual support. Fleet Management has found a combination of staffing levels for day-to-day operations supported by contractual services provides the best work flow efficiencies and cost controls resulting in higher fleet availability and lower cost. In FY 2013-14, it is estimated that approximately \$800,000 will be utilized for contractual services. In 2013, City departments experienced 279 vehicle crashes, primarily from the Police Department, resulting in out sourcing charges of approximately \$290,000.



RESOURCES

There are currently 54 dedicated, highly trained and skilled employees assigned to the six service yards. The Fleet Division is projected to complete over 20,000 work orders in FY 2013-14. This level of efficiency is achieved through the hard work of the team, who actively seek out opportunities to grow their skills through professional associations and ongoing professional development. Additionally, Fleet Management is working to develop the next generation of staff through a comprehensive apprenticeship program. A discussion of financial resources and budget is included in a later section of this report.

Table 4: Fleet Facilities & Staffing

Fleet Facility	Active Vehicle Count	Number of Staff	2013 Work Orders	Vehicle & Service Type	Customers
Muni Police	894	13	9,038	Police Vehicles, PBCE Inspection Vehicles, Light Duty	PD, PBCE, PW, ESD
CSY (Repair)	673	17	4,788	Fire Apparatus, Light, Med & Heavy Trucks, Parking Control Scooters, Construction Equipment, Mowers	FD, DOT, PRNS, PW
CSY (Build up)	NA	8	507	All Vehicle Types, Acquisition, Vehicle Prep, Disposal, Modifications	All
South Yard	324	8	2,090	Paint Striper, Sign and Markings Med Duty Trucks, Pavement Heavy Trucks, Construction Equipment	DOT, PRNS
WPCP	211	2	1,115	Electric Carts, Dredges, Construction and Earth Moving Equip, Pumps, Light-Med & Heavy vehicles	ESD
Airport	178	2	2,230	Light-Medium & Heavy Duty On-Road, Emergency Generators, Large Tractors, Paint Striper	Airport
Mobile Service	154	1	175	Amusement Rides, Stationary Generators & Pumps	All
Mabury Yard	141	3	1,810	Sewer Cleaner & Aerial Trucks, Paving Equipment, Light - Med Duty Trucks	DOT
Total	2,575	54	21,753		

Does not include three administrative positions: Fleet Manager, Analyst, and Staff Specialist

Staff Training

Vehicle technology is some of the most sophisticated and rapidly changing technology that exists. To keep pace with the technology evolution, Fleet Management consistently provides professional training for its employees. Comprehensive training is also provided when purchasing new vehicles and equipment. Additionally, Fleet Management secures on-site instructors and staff attends off site training conferences. Thus far, staff attended more than 870 hours of training in FY 2013-14, which does not include training related to the apprenticeship program. Below are some examples of recent training courses attended by Fleet Management staff.

Table 5: Recent Staff Training

Course Description
CPR/FA/AED
100 BEST FLEETS BEST BUSINESS PRACTICES
AERIAL HYDRAULICS EQUIPMENT AND PROPER OSHA INSPEC
ARB #504 IN-USE OFF ROAD DIESEL VEHICLE REGULATION
MAXX FORCE INTERNATIONAL TRAINING
HAZARDOUS WASTE MANAGEMENT
MOBILE EQUIPMENT HYDRAULICS
GENERAL MOTORS ENGINE PERFORMANCE
MAC IDENTIFIX SCANNER TRAINING
PFSA CHP VEHICLE PRODUCTION
CRITICAL LIFELINE RESTORATION WRKSHP WATER/WASTE
FUEL LIFELINES RESTORATION PLANNING WORKSHOP
HAZARD COMMUNICATION
ADVANCED! COMPLETE AUTO FLEET HYBRID CLASS
EOC SA & COP
CLEAN AIR VEHICLE FUNDING WORKSHOP
2013 SMOG UPDATE COURSE
DEFENSIVE DRIVING
BAR SMOG CERTIFICATION CLASS/TRAINING
CAT GENERATOR
FIRE BOAT ENGINE
SAN JOSE CATASTROPHIC EARTHQUAKE LOGISTICS MANAGEMENT
BIT INSPECTION FOR AIR BRAKES
MAINTENANCE REQUIEMENTS FOR RETROFIT DPF'S
CUMMINS ENGINE CLASS
DPF HANDLING
TOYOTA & FORD HYBRID DIAGNOSTICS
FIRE MECHANICS ACADEMY

Apprenticeship Program

The vehicles and equipment maintained by Fleet Management is so diverse it requires that its employees have a wide range of skills. Often when recruiting, applicants must have mechanical experience and even journey level skills. However, their experience can be one dimensional. For example, a mechanic from an automotive dealership usually only has single brand and light duty experience. Consequently, Fleet Management recruits most new employees at the entry level to compete for vacancies in the Apprenticeship Mechanic Program. When candidates graduate from the apprenticeship program they will have four years of classroom training as part of the De Anza College Automotive Program. Additionally, apprentices will have attended and rotated through various fleet facilities so they have a very diverse set of on-the-job skills tailored to City vehicles and equipment.

The Fleet Division's Apprentice Mechanic Program is an indentured apprenticeship approved by the State of California, Department of Industrial Relations Division of Apprenticeship Standards, sponsored by the Operating Engineers Local 3 and administered by the City of San José's Apprenticeship Advisory Committee. Upon satisfactorily completing the program requirements, the Apprentice receives Journey Level Certification from the State of California.

The Apprentice Mechanic Program has been highly successful in the training of City mechanics. The Fleet Management Division currently has 6 employees in the program and the division has 13 Mechanics, 4 Senior Mechanics, 2 Equipment Maintenance Supervisors and a Senior Automotive Equipment Specialist that have successfully graduated from the Apprentice program.



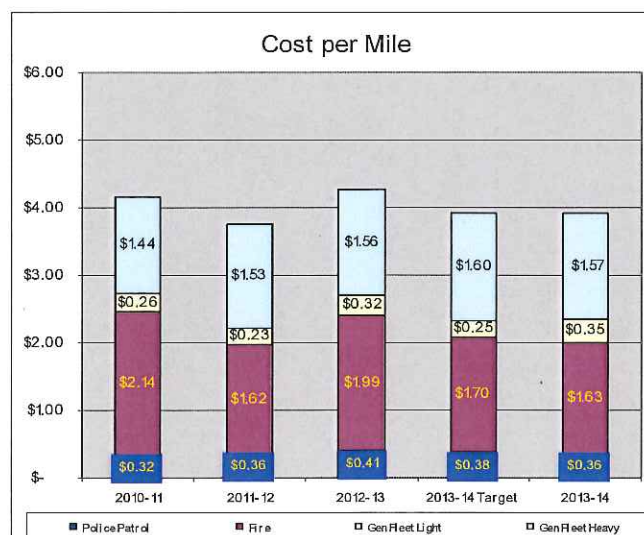
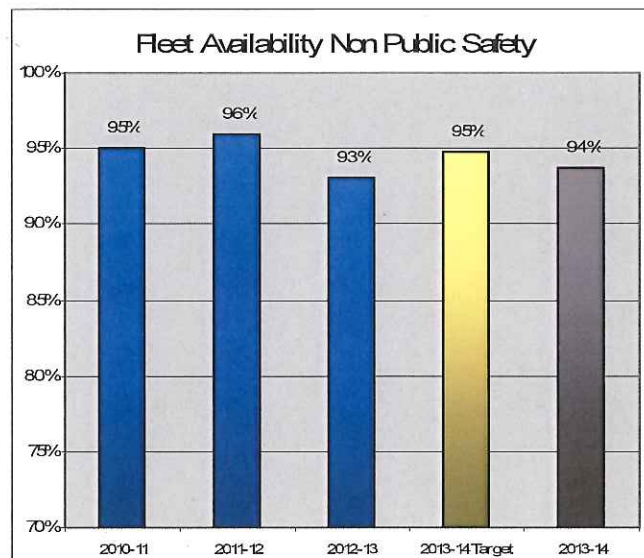
Professional Affiliations

Leadership is paramount in providing great service. The only way to achieve top performance and great customer service is through exemplary leadership from the Fleet Manager, Supervisors and the Senior Mechanics. Three critical areas of focus are recruitment, training, and performance metrics. Over the years through budget shortfalls, Public Works has reduced the number of supervisors in Fleet Management. The division is making a conscious effort to maintain the high level of leadership within the organization by participating and actively engaging professional organizations. All supervisors have attended the City's leadership academy and participate in the Public Fleet Supervisors Association (the City currently has two Board members), Clean Cities Organization, National Association of Fleet Administrators, American Public Works Association and several other groups and organizations to professionally and effectively manage the City's fleet assets.



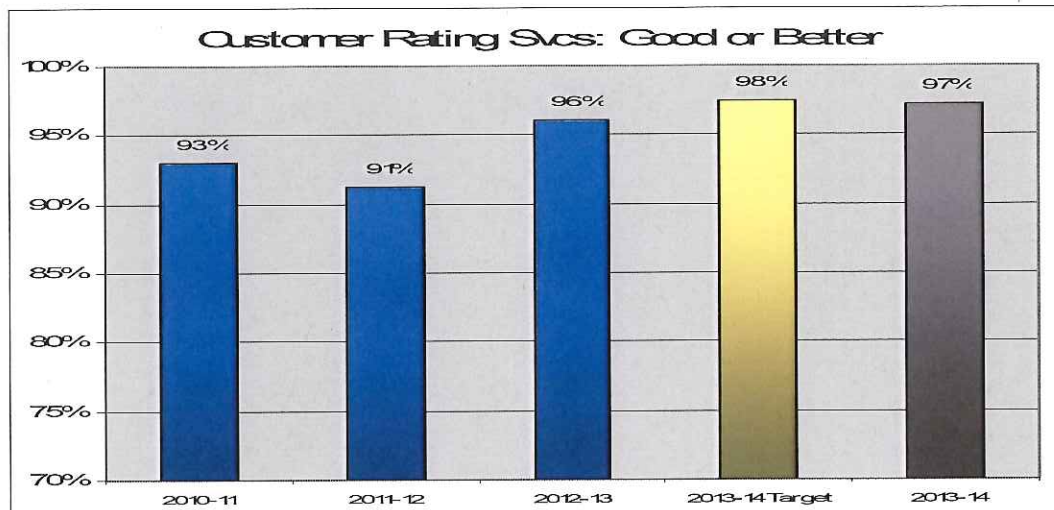
PERFORMANCE MEASURES

Fleet Management is guided by a database application called Assetworks Fleet Focus. All fleet activities including vehicle maintenance, scheduling, acquisition, billing, performance standards, motor pool, parts inventory management, commercial services, and fuel management are managed through Assetworks. Through this database program, Fleet Management can effectively communicate and prepare reports for internal and external customers utilizing report tools such as Microsoft Access and Crystal. Internal customers are also able to access these reports such as billing, fleet utilization and inventory. Fleet Management provides key shop and employee performance reports that automatically run on a schedule and are emailed directly to staff. The billing data is transferred to the City wide financial management system (FMS). Database and reporting tools are used to create replacement forecasting for public safety and nonpublic safety fleets. Current upgrades are underway to both fleet database and fuel management systems that are scheduled to be completed next fiscal year. The following are examples of internal Quarterly Dashboard reports for FY 2013-14.



Customer Surveys

Fleet Management distributes more than 300 automated customer surveys each quarter to measure, evaluate and improve customer service levels. Following are customer service ratings and recent comments that were submitted through the automated database system.



Fleet Survey Quarterly Customer Comments	
Steve does an outstanding job. He always helps us out. He does a great job of getting our repairs done quickly.	
The work on my equipment is always done in a timely and professional manner. Keep up the good work.	
The mechanic was very knowledgeable, professional, and courteous. I would go to him for work on my own car!	
I want to thank the repair workers for their professional and friendly customer service.	
True professionals! Great work!	
Great Service and professionalism	
reliable and professional, great customer service	
I would like to thank all the mechanics at the South Yard. They always try to get our equipment to us as soon as possible. Mostly while we wait if the repair warrants it so we have little impact to our day to day operations. Thank you Joe	
Vehicle was fixed at P.D. garage. Unexpected visit, vehicle was repaired and I was able to resume work with in 35 minutes. I truly appreciate the shops effort to get me back on the road safely.	
David Mesa is da man! He takes ownership of responsibility from start to finish. He provides excellent communication and very professional. - Parking Compliance Unit	
I've always been given courteous and professional service by the garage staff and the repairs needed have been completed in a prompt manner.	
No need for improvement! Excellent service! Very fast service!!! Great management!	
I like the customer service they render; 100% satisfied. As City employees we often do not serve each other better and/or enough; this shop is the exception.	
A minor repair was done on my truck and while they had it they also did some maintenance great job	

Work Orders

In 2013, Fleet Management completed 21,705 work orders; 22% were preventive maintenance and 78% were repairs. In addition, there were 279 crashes that required services.

Table 6: 2013 Work Orders

Department	2013 Work Orders	Preventive Maintenance	Repair	%PM	Crashes
Police	8,285	1,861	6,424	22%	177
Transportation	4,182	834	3,348	20%	30
Fire	2,140	442	1,698	21%	31
Airport	2,041	203	1,838	10%	5
PRNS	2,021	582	1,439	29%	12
Environmental Services	1,392	363	1,029	26%	8
Public Works	1,032	269	763	26%	5
Planning, Building & Code	548	103	445	19%	10
Library	33	10	23	30%	1
Housing	16	7	9	44%	0
Information Technology	10	5	5	50%	0
Office of Economic Development	5	1	4	20%	0
Total	21,705	4,680	17,205	22%	279

INITIATIVES

Several key initiatives are underway to address Council goals and growing trends in the Fleet Management Division. They range from implementing Green Vision goals to investigating new methods through pilot programs. Other significant issues include retaining key staff and managing the deferred vehicle backlog. Following is a discussion of each key initiative.

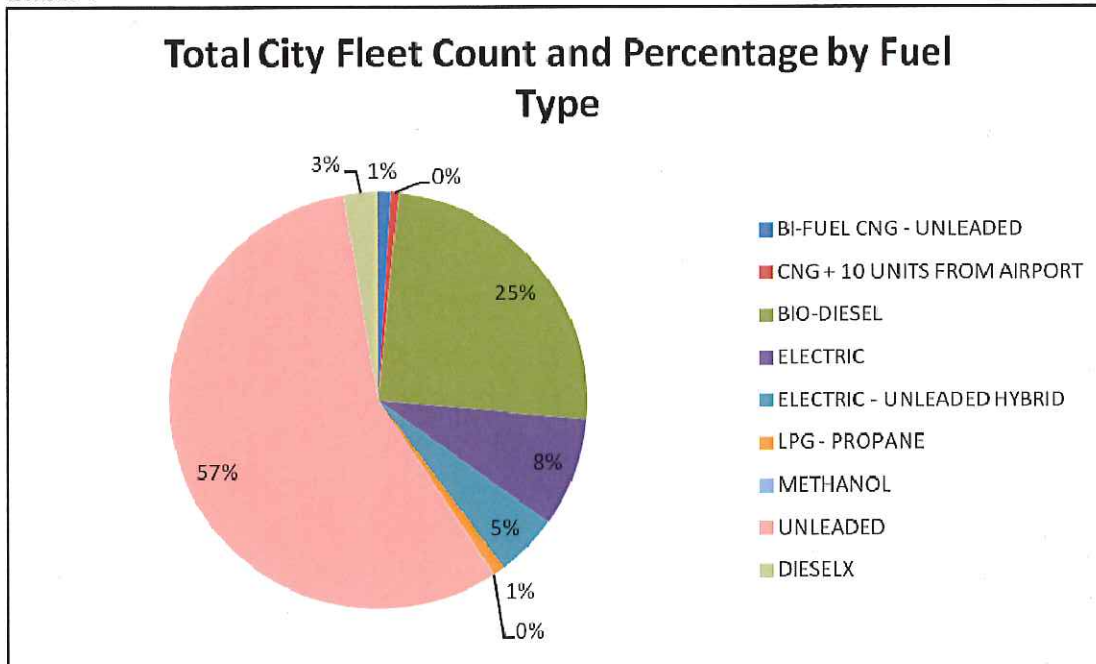
Green Fleet

In 2013, 41% of the City's fleet used alternative fuel. Fleet Management is continuously working to use green vehicles and has made significant strides over the years. The evolving technology has made more options available but is still somewhat limited in some segments of the fleet such as patrol vehicles, light duty trucks and vans.

The City's recent 2013 Annual Green Fleet Report details the successes and challenges of Green Vision Goal 8. The City's goal to "Ensure 100 percent of the Public Vehicles Run on Alternative Fuel" by 2022 is challenging from both technology limitations and funding support. One of the technology challenges is developing a viable alternative fuel for patrol vehicles. Funding limitations occur in areas where there are alternative fuel vehicle options but the costs exceed the budget and a lifecycle analysis exhibits the Return on Investment (ROI) does not pencil out. The City, through a grant fund will be purchasing three plug-in electric vehicles in partnership with several other agencies at a reduced cost. The grant will cover the difference in cost between a non-electric and electric vehicle. Fleet Management will continue to seek out grant funding to support the City's Green Vision.

An area of focus for this year and the upcoming year is updating the fueling infrastructure for compatibility with B20 biodiesel (20% biodiesel and 80% petroleum diesel fuel). As exhibited in the following chart, bio-diesel accounts for a significant portion of the City's fuel consumption and has a positive affect on the green vision.

Table 7



Source: 2013 Green Vision Annual Report

New Police Patrol Vehicles

Fleet Management in partnership with the Police Department (PD) is piloting new patrol vehicles because the Crown Victoria sedan used since 1996 is no longer in production. The last Crown Victoria was deployed this year and the anticipated life of a police vehicle is six years. After testing multiple units and working with the California Highway Patrol and Santa Clara County Sheriff's Office, San José has purchased small compliments of both the Chevrolet Caprice sedan and the Ford Interceptor Utility in order to test the vehicles in service in San José. Both units have improvements over the former Crown Victoria in terms of safety, fuel economy and performance. In both cases, the vehicles were tested and supported by Police Department's vehicle driver's training unit and, through the test period, staff will continuously seek officer feedback on the overall performance of each vehicle. This is an important element as officers often weigh in on such functional areas as the ergonomics of the vehicle interior, visibility, and drivability of the vehicles. Fleet Management will be monitoring the operating cost, reliability, performance and feedback from the field to determine the direction of future acquisitions and deployments.

Both of the vehicle types being tested in San José are comparable in cost to each other once outfitted and slightly more expensive than the Crown Victoria. Of note is the fact that the Chevrolet Caprice is currently manufactured offshore and has extensive lead times while the Ford Interceptor Utility is a domestic product.

New Chevrolet Caprice and Ford Utility Interceptor**PRNS Fleet Pilot**

Another project underway is the Parks, Recreation, and Neighborhood Services (PRNS) vehicle lease versus ownership pilot. Twenty vehicles were ordered for PRNS which replaces 20 existing vehicles from the PRNS assigned fleet. Four of the 20 vehicles have arrived and the remaining 16 vehicles will be delivered before the end of the fiscal year. Once these vehicles are placed into service, the lease versus ownership cost will be monitored to determine if the City should continue the lease program. Fleet Management will be evaluating the overall cost to lease the vehicles versus ownership and the incremental cost to maintain the vehicles as they get older.

Fleet Management intended to compare in-house maintenance versus contractual maintenance for the new 20 leased vehicles and another existing 20 PRNS assigned City vehicles. However, during the contract negotiations it was discovered that the vendors would not assume any maintenance liability. Working with the Attorney's Office, it was determined that this was unacceptable and the overall program was scaled back to only evaluate the lease versus ownership cost program.

Deferred Vehicle Backlog

An ongoing challenge is deferred backlog for general fleet vehicle replacement. The current backlog is estimated at \$8.8 million over the next five years. The FY 2013-14 General Fund appropriation is \$800,000. Several years of General Fund reductions created a situation where there are many vehicles in the backlog that exceed the current replacement guidelines and vehicles that meet their replacement criteria and are not being funded for replacement. Another issue exists where vehicles may only meet the age requirement but not the mileage requirement. Older vehicles become less reliable, parts are more difficult to acquire, and emission and safety standards fall far behind current vehicles. Additionally, retaining older vehicles while adding new models to the fleet

increases the diversity of parts inventory and skills needed to service the fleet, which is a significant cost driver.

Table 8: Light Duty Fleet Condition

Department	Number of Light Vehicle	Average Age	Average Miles
Police	214*	5.0	58,700
Planning Building & Code Enforcement	112	8.4	36,100
Fire	64*	9.8	58,575
Transportation	168	10.2	77,009
ESD	100	10.7	48,800
Finance	3	10.9	80,507
Public Works	167	11.5	63,915
Parks Recreation & Neighborhood Services	201	13.2	74,100
Housing	6	14.3	48,600
Airport	76	14.9	44,400
Library	5	15.4	59,600
IT	4	15.6	46,737

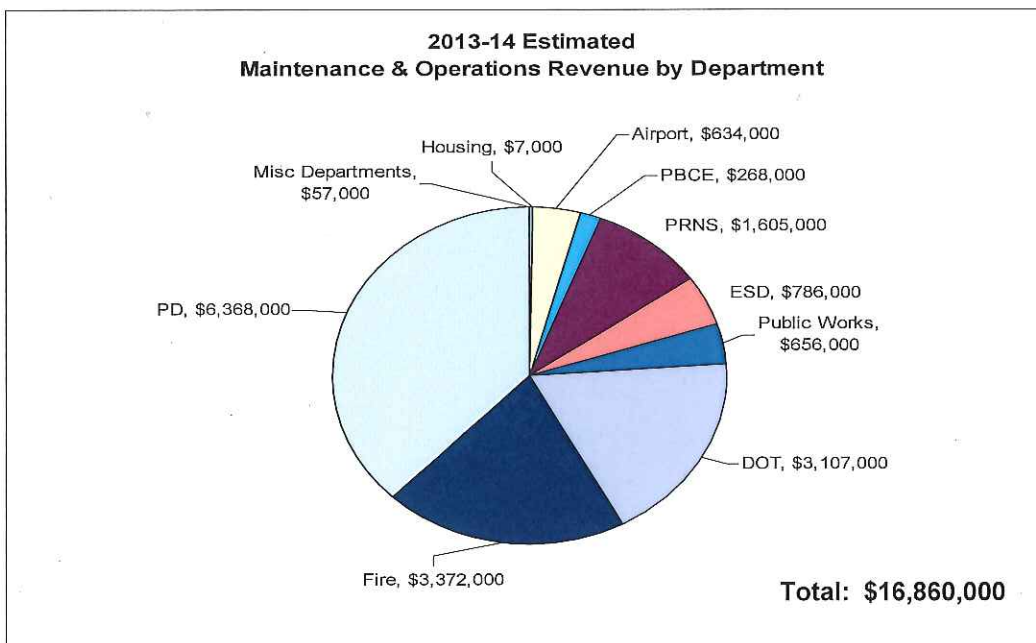
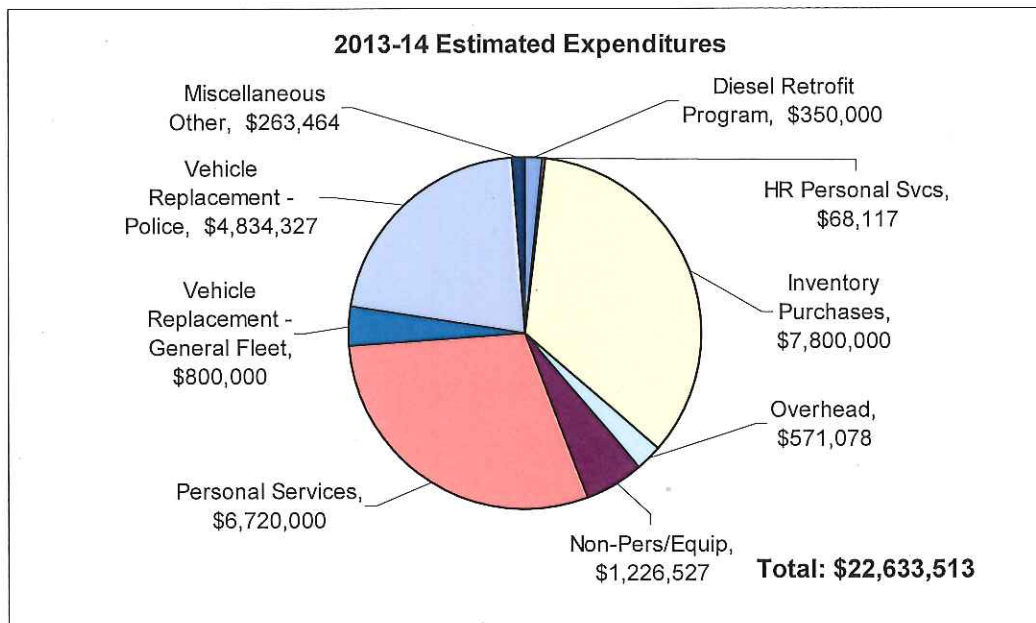
* Does not Include Patrol or Fire Emergency Response Vehicles

Staff Retention

Fleet mechanics are highly skilled and their training and experience is very specific to the City's fleet. This makes the retention of talented staff a critical focus. For example, one segment of the fleet that is highly specialized is the fire apparatus maintenance program. The City has five dedicated mechanics to this activity. Four of them are eligible to retire within the next four years and two in less than a year. Fleet Management is preparing for their departure by training additional staff in this area. This process takes considerable time, education and certification for working on this equipment. To address this concern Fleet Management has been rotating and cross training staff to fill gaps but it is becoming significantly harder to recruit and retain staff. Of particular concern is the significant investment and lead time required in developing and training Fleet Management employees.

BUDGET

The 2013-2014 Adopted General Fund Budget for the Fleet Division totaled \$23.6 million and included funds for personal, non personal, equipment, inventory (parts and fuel), vehicle replacement (PD and General Fleet), and other miscellaneous categories. Most expenses are recovered by the services rendered to each City department. In addition to the General Fund budget, Fleet Management manages an additional \$9 million annually from other department funds (both capital and general fund) for vehicle replacement.



CONCLUSION

The City's Fleet Management Division is a complex operation that takes great pride in maintaining and procuring high quality vehicles, fire apparatus and equipment. Even in the context of budget shortfalls, Fleet Management has found creative methods to continue to provide excellent service at a high volume to support City operations.

In the coming year, the Division will continue to focus on core operations as well as looking to the future. As the economy continues to recover, Fleet Management will begin to address the vehicle backlog and creatively retain, develop and recruit staff.